

**MINUTES OF THE  
JOINT INFRASTRUCTURE AND GENERAL GOVERNMENT  
APPROPRIATIONS SUBCOMMITTEE MEETING  
WEDNESDAY, JANUARY 26, 2011, 8:00 A.M.  
Room 30, House Building**

Members Present: Sen. Stuart Adams, Co-Chair  
Rep. Gage Froerer, Co-Chair  
Rep. Carl Wimmer, House Vice-Chair  
Sen. Lyle Hillyard  
Sen. David Hinkins  
Sen. Karen Mayne  
Sen. Kevin Van Tassell  
Rep. Derek Brown  
Rep. David Butterfield  
Rep. Fred Cox  
Rep. Brad Dee  
Rep. Janice Fisher  
Rep. Wayne Harper  
Rep. Lynn Hemingway  
Rep. Neal Hendrickson  
Rep. Patrick Painter  
Rep. Evan Vickers

Members Absent: Sen. Mark Madsen

Staff Present: Mark Bleazard, Legislative Fiscal Analyst  
Gary Ricks, Legislative Fiscal Analyst  
Richard Amon, Legislative Fiscal Analyst  
Karen C. Allred, Secretary

Public Speakers Present: John Njord, Executive Director, Utah Department of Transportation  
Kim Hood, Executive Director, Department of Administrative Services  
John Reidhead, Director of Finance, Department of Administrative Services (DAS)  
Kent Beers, Director, Purchasing  
Spencer Jenkins, Director, Automated Geographic Reference Center (AGRC)  
Steve Fletcher, Executive Director, Department of Technology Services  
Greg Buxton, Director, Division of Facilities Construction and Management (DFCM)  
Patricia Smith Mansfield, State Archivist, Division of State Archives  
Jamer Wingate, Director, Call Center, Blue States of Utah  
Brenda Lawson, American Preparatory Academy from Draper.

A list of visitors and a copy of handouts are filed with the Subcommittee minutes.

Co-Chair Adams called the meeting to order at 8:16 A.M.

1. Minutes and Introduction

The minutes were approved later in the meeting.

2. Budget Adjustments for IGG Agencies

Co-Chair Adams reminded the subcommittee that there needs to be a base budget by Friday, and that is what will be discussed today. A handout was distributed which suggests areas to make reductions for the agencies, and a representative from each agency was asked to express the affects of these recommendations.

John Njord, Executive Director, Utah Department of Transportation (UDOT), said that the Chairs recommendation of a 10% reduction could be absorbed, and while it may slow things down a bit, it won't have a huge impact on this department.

Kim Hood, Executive Director, Division of Administrative Services (DAS) said that the reduction in Purchasing (which will be a 7% cut rather than a 10% cut) and General Services could be absorbed. The Parental Defense General Fund, which is being considered to be eliminated, is a popular program with a strong contingency behind it. It trains defense attorneys for parents whose children have been taken away from them. This has ongoing funding and a restricted fund for expert witnesses. Ms. Hood said there are a number of programs in DAS that are housed in the Finance Mandated Funds, which are often isolated from budget cuts. The subcommittee may want to consider the Parental Defense program being housed there as well.

Rep. Harper said that about five years ago, this fund was established to provide training to parents and new attorneys who would go to court when children were removed from the home, to help in their defense. The funding was reduced because it was not needed. This line item pays for someone to go to rural areas especially, to provide that training.

Rep. Cox asked how much is in the mandated finance. John Reidhead, Chief Financial Officers, DAS replied that this line item is for programs that don't seem to fit anywhere else. He told of several programs that fit into the Finance Mandated for DAS to distribute. Rep. Cox asked if the Finance Mandated would be able to absorb the Parental Defense funds and are the funds restricted. Mr. Reidhead responded that the most of the programs in the Finance Mandated Program are restricted, or already cut so Parental Defense would not be able to be absorbed.

Co-Chair Adams reminded the subcommittee and agencies that these are possible recommendations, and the Chairs are open to other suggestions.

Mr. Reidhead reported that the finance line item reduction on the handout could be absorbed and it is appreciated that it is less than a 7% cut. Ms. Hood reported that the elimination of the

Energy Program line item has a great impact to the state and would be a program that would be worth trying to save. She asked for flexibility for the DAS to work on ways to save that program.

Rep. Fisher asked Gary Ricks to explain Jail Reimbursement to the subcommittee. Mr. Ricks said that the original H.B.7 applied a 7% across the board cut to all general fund line items. Jail reimbursement is found on the hand-out in the Capital Budget. That reduction is in the Capital Improvements line item which is absorbing jail reimbursement along with Other Post-Employee Benefits (OPEB). Those two programs are not cut.

Rep. Butterfield asked, regarding the energy program, what kind of activities are funded and how is it known that those activities result in energy savings. Greg Buxton, Director, Division of Facilities Construction and Management (DFCM) responded there are 70 projects right now representing \$40 million. The committee is funding three appropriated positions and AARA positions, which are temporary, which will result in an energy savings of about \$15 million. The Energy Department has projects that will receive revenue from the utility funds that amount to more than \$40 million, which can be held for dedicated funds, and fund the program. If the program is deleted, the savings will stop because there won't be management staff to handle the projects. Co-Chair Adams asked where are these savings going? Mr. Buxton said that agencies benefit from reduced energy costs and some are given back in a rebate for participating. Co-Chair Adams asked who receives the check from the USTAR example? Mr. Buxton said that agencies apply for the funding, use it, and put back in projects.

Rep. Dee asked if dedicated credits could replace General Funds if this cut were delayed a year? Mr. Buxton, responded yes. Co-Chair Adams said that if this program received one time money this year, the program may be able to absorb the cut other years.

John Harrington, Energy Director, DFCM responded to Rep. Butterfield's question of what activities are being funded. He said there is program through statute called the State Building Energy Efficiency Program which uses funding through grants, utility incentives and third party funding, to fund the program and are used to promote energy efficiency in facilities throughout the state. Rep. Butterfield asked when a project is done, is there a measurable amount of energy savings seen for that project. Mr. Harrington said DFCM doesn't do a project if it doesn't hit the target savings. Every project is third party verified. Rep. Butterfield asked when a project is done, does it save the State money, or the agency where the project is done. Mr. Harrington, responded that it is a savings to the agency and therefore, it saves tax payers.

Rep. Cox asked if \$1.25 million in Purchasing were removed, and that savings was used to offset not taking cuts, what would that do to Purchasing and what would that do to the costs that Purchasing is contracted with. Ms. Hood said that Purchasing is not yet bringing in the fees anticipated over time, so cutting it now would be devastating to the program. She asked Kent Beers to come and address that question. Rep. Cox said if there is a department or agency that is getting close to being fully fund, perhaps working together could keep some of the funding for other projects. Ms. Hood agrees and said that several years ago DAS was

challenged to think of creative ways to save, but these are currently in their infancy. Kent Beers, Director, State Purchasing said there are approximately 650 of these cooperative contracts in place, and over the next few years, there is a plan to transition the contracts to fee based contracts, but there are many reasons, one being personnel, that makes it impossible to do so in one year. If cut, it would destroy relationships with vendors, and there may be some legal ramifications as well. Rep. Cox asked that if the \$300,000 can be absorbed, but the \$1.25 million can't, is there a number in between that would work? Mr. Beers said as close as they can tell, they will be brining in about \$300,000. If the contracts are not used to the level they have been, there may be a shortfall. Co-Chair Adams asked if one-time money to would get them through. Mr. Beers responded that if the cut was made, one-time funding would be needed.

Sen. Mayne commented that she knows this program well, and feels like two to three years is an appropriate time for the transition of contracts to fee based contracts. She asked if more time is needed. Mr. Beers responded that they are on target currently to have funding over the next few years. Mr. Buxton said that there is a 5-6% customer efficiency charge in each of our utility bills, which is the same rebates that the energy programs are getting bundled together when the energy projects are done. Homes can get this same rebate if energy savings projects are done in the home.

Co-Chair Adams spoke of the Capital Improvements reduction, which is a 7% reduction and the finance mandated items and debt service which can't be reduced. Mr. Buxton commented we are digging a hole if funds are used for other purposes. Ms. Hood commented that this subcommittee is about \$8 million less than the Governor's budget.

Co-Chair Froerer asked about the discussion on the balance in the Project Reserve account, what the amount should be, and could some of those funds be taken to back fill to this budget. Mr. Buxton said that in order to protect those buildings still under construction there would need to be \$6 million kept in the Project Reserve account, which would free up about \$12 million. Co-Chair Froerer asked if this would be something that could be put into statute, that a certain amount of these reserves be put in to Capital Improvements. Mr. Buxton said he feels it should all be put back in to maintain buildings. It was appropriated for that purpose, and should be used for that purpose.

Sen. Hillyard said that is a difficult situation. One time money is really good as a bridge, and has been used for the past few years to soften the blow, but it is not just a one year thing, and it will be several years before the economy gets back to where it was. Privatization is a possibility in saving funds. When savings are made within the department, it should be able to be used in that department. It is foolish to not maintain the buildings. Mr. Buxton responded that the department is looking to other ways to save, but sometimes statute does not allow funds to be used as the departments would like. There needs to be flexibility to use funds within the departments as they see fit. Sen. Hillyard suggested seeing if one-time money would pay off bonds, and to use the Co-Chairs to help make the decision. Co-Chair Adams said the on-going reductions would be used to eliminate structural imbalances, so this is the only place that one-time money is recommended.

Rep. Vickers said that through personal experience he has learned that if money is not put into building maintenance, it costs more down the road, however these maintenance costs need to be prioritized. He asked if there are things that can be prioritized to not have as much future costs. Mr. Buxton said that prioritizing is something that is done regularly and the most critical things have to be prioritized. Rep. Vickers asked if there is room in the proposed cuts to take care of the critical needs and still absorb the cuts. Mr. Buxton said he would have to ask his Capital Improvement Development person. He said there is a list of priorities listed in order of priority for the subcommittee to look. Mr. Vickers said you can spend money to make money, or spend money to save money, but there is a difference in the rate of return. He hopes the critical needs can be taken care of without costing a lot of money.

Rep. Fisher suggested that the subcommittee go to Mr. Buxton's office and see how he conferences with other agencies, and made the comment that it is very impressive.

Sen. Hillyard asked if there is an incentive for agencies to have a project done for less and then keep the savings. Mr. Buxton said there is an incentive for all excess funds to be held in a project reserve fund for Capital Improvements, then reallocated for other projects through the State Building Board. Most of the time roll over funds are used for that agency's next project.

**MOTION:** Co-Chair Froerer moved to direct staff, in the preparation of H.B. 7, to move from the Capital Development Project Reserve Fund, \$12 million of the \$18 million fund balance to the Capital Improvement line item, and make those transfers effective on preparation of H.B. 7.

Co-Chair Adams said that would backfill Capital Improvements by \$12 million. Ms. Hood expressed appreciation to the committee.

The motion passed unanimously with Reps. Dee and Harper absent for the vote.

Co-Chair Adams explained that there was a \$16,000 reduction made to DFCM that was not discussed. The next item to discuss is a 10% rather than 7% cut made to UDOT and the extra 3% put into the Archives Program.

Patricia Smith Mansfield, State Archivist, Division of State Archives, expressed appreciation for this funding from UDOT., and mentioned that there are 1,000 cubic feet of UDOT field notes being transferred to the Archives custody.

Steve Fletcher, Department of Technology Services (DTS), said this budget is difficult to cut, so all of the cuts have come from ARGC. This puts a restriction on this program, but was the only place that could be cut. Spencer Jenkins, ARGC, explained that this would be about a 20% cut and about two to three FTEs. The primary areas in which there will be an increased work load is on reapportionment and wild lands issues. It impacts the ability to work between counties and federal agencies. DTS has been trying to identify projects that will be curtailed and the impact will be passed on to those using the services.

Sen. Van Tassell asked if there was any place else that this cut could be spread out, did it all have to come from this one area? Mr. Jenkins said ARGC services so many areas, and it is difficult to manage a specific initiative and who owns what issue. Sen. Van Tassell asked why this department was singled out from other IT areas and mentioned to the Chairs his concern with this cut because of federal mandates, and doesn't feel this is where the cuts should be made with the services needed, especially in rural areas.

Co-Chair Adams responded that the Chairs share this concern.

Rep. Cox asked about the boundary issues, and redistricting, and if one time money were provided, can the \$132,000 be absorbed by the department without targeting one agency, or are there other suggestions. Mr. Fletcher said cutting other areas was considered, but issues came up, such as fixed costs. There isn't flexibility in other areas. This area was the only one that had some flexibility. Rep. Cox said this department has individuals who are amazing and would any of them have any recommendations.

Rep. Fisher asked if the fiscal analyst would provide information as to why this one area was cut. Gary Ricks, Analyst, responded that there are three programs, CIO, AGRC and OMNI Link (a fixed cost which is a public safety function), the CIO program is much smaller and a cut would be problematic. The 7% cut coming from AGRC program, was the best place to make the cut.

Sen. Mayne commented that the subcommittee is here to give the departments the tools to protect the people and to take care of the state of Utah.

Rep. Butterfield commented that sometimes cuts across the board are the worst cuts. Programs need to be looked at to see which have the most value for least money. He suggests letting those working in the departments that are closest to the work, to make the decisions.

Rep. Hemingway asked what is the fixed cost in the OMNI link program? Mr. Fletcher responded it is a fixed cost for the use and maintenance of equipment, hardware and software.

Rep. Cox asked if this program could generate money through fees since it is providing services to other agencies and if this program might qualify for one-time money to generate funds in the future. Mr. Jenkins said that this has been discussed in the past, and local government agencies become concerned with the ability to afford the services that have been provided for free.

Sen. Van Tassell proposed to the subcommittee that this \$132,000 is nothing compared to the potential losses cutting this program may create.

Co-Chair Adams said these were the Chairs recommendations and opened up the time for subcommittee discussion or action.

**MOTION:** Vickers moved to approve minutes of January 11, 2011.

The motion passed unanimously with Sen. Hillyard and Reps. Dee and Harper absent for the vote.

**MOTION:** Co-Chair Froerer moved to approve the current list of state fund adjustments as the Infrastructure and General Government Subcommittee list of options to reduce the structural deficit as presented and modified this morning.

Sen. Van Tassell asked if there was already a motion that did this. Co-Chair Adams explained that the other motion was just to backfill one line, item and no motion had been placed until now to approve the list of recommended cuts.

Rep. Cox asked that it has been mentioned that there has not been agreement with the recommended reductions in the AGRC and the energy program, whether the subcommittee should approve this as is.

Co-Chair Adams explained that these recommendations are for the base budget and adjustments can be made later.

Rep. Wimmer commented that this is just to put the base budget into place, and adjustments can be made later. Concerns can be looked into. Co-Chair Adams agreed that changes can be made later.

The motion passed unanimously with Sen. Hillyard and Reps. Dee and Harper absent for the vote.

**MOTION:** Co-Chair Froerer moved to instruct staff to draft a substitute to H.B. 7 *Infrastructure and General Government Base Budget* as a subcommittee bill using the list of state fund adjustments we just approved. That substitute will then be presented to the Executive Appropriations Committee early next week.

Co-Chair Froerer discussed that this is for the base budget, and adjustments will be made as time goes on.

The motion passed unanimously with Sen. Hillyard and Reps. Dee and Harper absent for the vote.

James Wingate from Blue Stakes of Utah, spoke to the cuts to AGRC. Their jobs of telling people where to dig, are dependent upon the local data and maps that AGRC develops. It is not reasonable for this organization to create the map data, and depend on AGRC. Co-Chair Adams expressed appreciate for that input.

### 3. Other Business/Adjourn

Co-Chair Adams welcomed a school group and ask for someone to come and explain who they represent.

Brenda Lawson, American Preparatory Academy from Draper.

Co-Chair Froerer introduced Rep. Wimmer as the House Vice Chair to this subcommittee.

Co-Chair Adams expressed appreciation to agencies and staff, and reiterated that even though the base budget has been passed, there will still be adjustments made. He announced that Friday's meeting will be back in Room 445 of the Capitol.

**MOTION:** Co-Chair Froerer moved to adjourn.

Co-Chair Adams adjourned the meeting at 9:40 A.M.

Minutes were reported by Karen C. Allred, Senate Secretary

---

Sen. Stuart Adams, Co-Chair

---

Rep. Gage Froerer, Co-Chair